CANADIAN SECURITIES ADMINISTRATORS

2011 Enforcement Report

CSA ACVM

Canadian Securities Administrators

The Canadian Securities Administrators (CSA) is the council of the 10 provincial and three territorial securities regulators in Canada. The mission of the CSA is to facilitate Canada's securities regulatory system, providing protection to investors from unfair, improper or fraudulent practices and to promote fair, efficient and transparent capital markets, through the development of harmonized securities regulation, policy and practice.

The CSA seeks to streamline the regulatory process for companies that wish to raise capital and for individuals and companies working in the investment industry. In enforcement matters, while most enforcement activity is conducted locally, CSA members also coordinate multi-jurisdictional investigations and share tools and techniques that help their staff investigate and prosecute securities law violations that cross borders.

▶ RESPONSIVE

Responsive enforcement acts quickly and appropriately in cases of misconduct.

▶ COLLABORATIVE

Collaborative enforcement prevents misconduct from spreading across borders and promotes efficiency across jurisdictions.

▶ EFFECTIVE

Effective enforcement strengthens public confidence in Canadian capital markets.

Message From The Chair

Bill Rice
Chair, CSA

Enforcement action against wrongdoing in Canada's capital markets is a top priority for Canadian securities regulators. In everything we do, we work to stay ahead of evolving trends to foster the confidence of Canadians in the reliability and fairness of our capital markets. Contributing to that effort, we strive to deliver effective, responsive and collaborative securities enforcement across the country.

> "OUR CAPITAL MARKETS UNDERPIN OUR ENTIRE ECONOMY, SO THE IMPORTANCE OF SECURITIES ENFORCEMENT AND REGULATION TO CANADIANS CANNOT BE OVERSTATED."

To be effective and responsive, enforcement activity must be timely. This year's report features examples of proactive measures taken by CSA members to issue cease trade orders or to freeze assets, actions that prevent further harm to investors while investigations proceed. The cases featured on the proactive measures page demonstrate the measures that CSA members take to shut down potentially harmful schemes as early as possible.

We are making progress toward our stated goal of prosecuting more securities offences in the courts. Since the courts are able to impose jail sentences, prosecuting more serious cases in court illustrates our commitment to deliver greater visibility and deterrence through our enforcement activity. These efforts are beginning to generate results.

Again in 2011, illegal distributions made up over half of all concluded enforcement cases. In the typical illegal distribution, Canadians are presented with an investment opportunity that turns out not to be what was promised – the "guaranteed" return is not delivered, the money is not invested as described, or the opportunity turns out to be a Ponzi scheme. These cases often involve a breach of trust.

To defend against these abuses, CSA members work to deter wrongdoing and to protect investors through both enforcement efforts and investor education that helps Canadians to distinguish between legitimate and dubious investment opportunities. This report focuses on the enforcement side of that equation, describing the actions our enforcement teams take to respond to violations ranging from illegal insider trading to market manipulation. The consistent enforcement of securities laws is crucial to protecting Canadians. For more information on the education side of our investor protection work, we encourage readers also to visit the CSA's fraud avoidance web page.

As well as endeavouring to be effective and responsive in our own initiatives, we seek collaborative securities enforcement. While that collaboration takes place mainly across jurisdictional lines among regulators, collaboration with investors and market participants is also important. We continue to reach out to police forces to work jointly on securities crime where possible. We welcome tips about questionable investment opportunities or practices, and we also encourage your feedback on this report and on our other communication efforts. Ensuring a strong, secure and fair financial system in our country is a shared effort among all of us who play roles in that system. Our capital markets underpin our entire economy, so the importance of securities regulation and enforcement to Canadians cannot be overstated.

Bill Rice
Chair, CSA

Key Players in Enforcement

In Canada, a number of laws and rules govern capital markets and market participants; different agencies enforce these laws and rules. Each fulfills different roles in the overall regulation of capital markets. CSA members administer and enforce the securities legislation in each jurisdiction, whereas criminal authorities enforce the *Criminal Code*, which includes offences such as fraud and money laundering.

The Canadian Securities Market

Market Capitalization[1]	$2.05 trillion
Total Issuers[2]	5,035
Total Registrants (firms)[3]	2,299
Total Registrants (individuals)[3]	123,121
Pension Fund Assets[4]	$1.26 trillion
Total Financial Wealth[4]	$2.96 trillion

1 Data from the TMX Group as of October 31, 2011.

2 Total number of issuers compiled from SEDAR and includes listed and unlisted issuers. Does not include investment fund issuers.

3 Data compiled from the National Registration Database, and includes registered and exempt firms and registered and permitted individuals.

4 Data from Investor Economics, Household Balance Sheet, as of 2011 (Pension fund assets include CPP and QPP).

Securities Laws and Regulators

Securities laws in each province and territory are comprised of a *Securities Act*, which provides the legal foundation for regulatory requirements related to the capital markets, along with any regulations or rules under each Act and any blanket rulings, orders and decisions issued by securities regulators. Securities laws impose duties on issuers, registrants and other market participants.

An effective regulatory enforcement regime is rooted in strategies that focus on investor protection and the prevention of harm. CSA members, as securities regulators, investigate suspected securities-related misconduct, such as breaches of obligations by registrants with respect to clients, illegal sales of securities, or other securities law infractions.

Securities regulators may bring allegations of securities misconduct to a hearing before a securities commission or an associated tribunal. Securities legislation authorizes CSA members to seek or impose administrative sanctions for securities-related misconduct, including monetary sanctions and prohibitions from market participation or access. Such sanctions are intended to deter misconduct and to protect investors from harm.

Securities legislation also establishes quasi-criminal offences for contraventions of regulatory requirements and prohibitions of certain activities related to the capital markets. Penalties for committing these types of offences can include a term of imprisonment and a significant fine. In some jurisdictions, staff may directly prosecute such cases in court. In others, securities regulators may refer cases of certain quasi-criminal offences to Crown counsel for prosecution in the courts. CSA members have no authority to order a term of imprisonment; this can only be done by a judge.

Criminal Code and Authorities

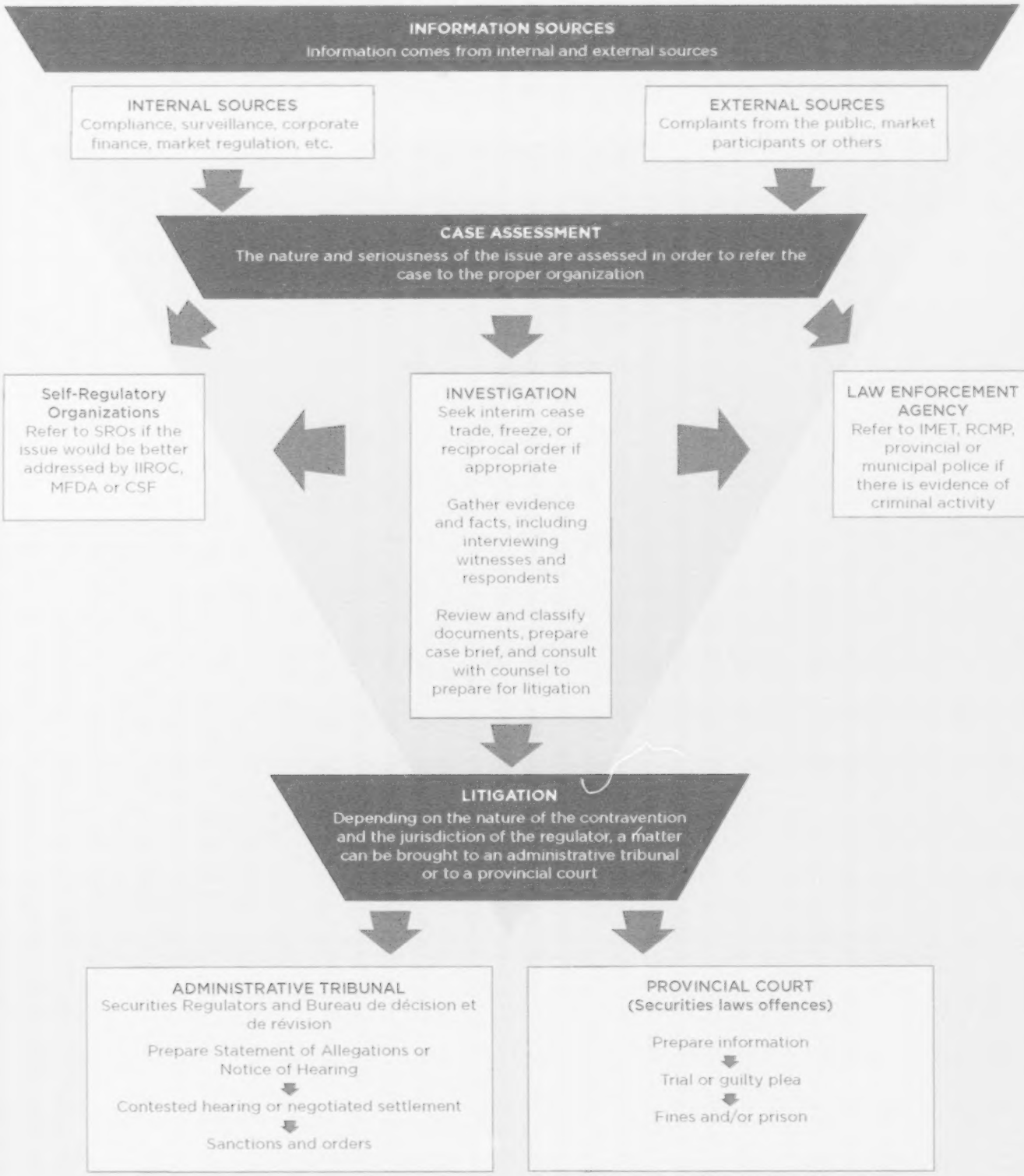
The *Criminal Code*, a federal statute, establishes both specific securities-related criminal offences (such as market manipulation), and more general economic crimes (such as fraud) that could also capture some securities-related misconduct. Penalties imposed by the courts for criminal offences are intended to, among other things, punish those persons who have committed securities-related misconduct. Penalties for committing offences can include a lengthy term of imprisonment and a significant fine under the *Criminal Code*. The pursuit of an offence under the *Criminal Code* requires charges to be laid by law enforcement, the Crown or, in Québec, the Director of Criminal and Penal Prosecutions. The prosecution is then pursued by Crown counsel or the Director.

Generally, RCMP, local and provincial police investigate securities-related criminal offences. (In British Columbia, investigators at the securities regulator also investigate securities-related criminal offences.) Integrated Market Enforcement Teams (IMETs) are groups within the RCMP, comprised of specialized investigators, which also investigate capital market offences.

Self-Regulatory Organizations (SROs)

Canadian securities regulators have recognized self-regulatory organizations (SROs) to regulate investment dealers and mutual fund dealers, under the oversight of CSA members. The key SROs in Canada are the Investment Industry Regulatory Organization of Canada (IIROC), the Chambre de la sécurité financière (CSF), and the Mutual Fund Dealers Association of Canada (MFDA). SROs can discipline member dealers or their employees for breaching SRO rules. Sanctions include suspension or termination of membership or market access and monetary penalties.

The Enforcement Process

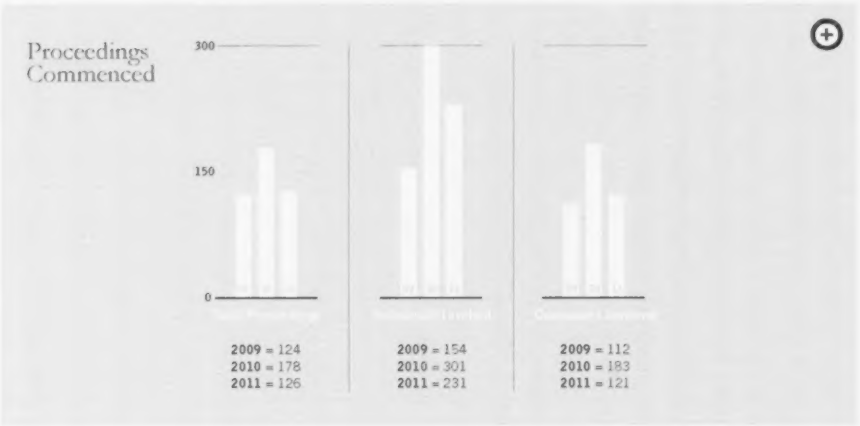

INFORMATION SOURCES
Information comes from internal and external sources
INTERNAL SOURCES
Compliance, surveillance, corporate finance, market regulation, etc.
EXTERNAL SOURCES
Complaints from the public, market participants or others
CASE ASSESSMENT
The nature and seriousness of the issue are assessed in order to refer the case to the proper organization
Self-Regulatory Organizations
Refer to SROs if the issue would be better addressed by IIROC, MFDA or CSF
INVESTIGATION
Seek interim cease trade, freeze, or reciprocal order if appropriate
Gather evidence and facts, including interviewing witnesses and respondents
Review and classify documents, prepare case brief, and consult with counsel to prepare for litigation
LAW ENFORCEMENT AGENCY
Refer to IMET, RCMP, provincial or municipal police if there is evidence of criminal activity
LITIGATION
Depending on the nature of the contravention and the jurisdiction of the regulator, a matter can be brought to an administrative tribunal or to a provincial court
ADMINISTRATIVE TRIBUNAL
Securities Regulators and Bureau de décision et de révision
Prepare Statement of Allegations or Notice of Hearing
Contested hearing or negotiated settlement
Sanctions and orders
PROVINCIAL COURT
(Securities laws offences)
Prepare information
Trial or guilty plea
Fines and/or prison

2011 Results

This section presents three years of data in several enforcement categories. The results vary considerably from year to year. Cases differ widely in their complexity and in the number of respondents and victims involved. The time required to conclude a case can range from a few weeks to a year or longer, with complex cases requiring substantial resources. These results should therefore be considered in aggregate; changes in one category are not necessarily a trend.

Proceedings commenced

Proceedings commenced are cases in which Commission staff have filed a statement of allegations or sworn an Information before the courts (or in Québec, where a statement of offence has been served on the defendant), any of which allege wrongdoing. Many of the proceedings commenced in 2011 were still underway at the end of the year, and in such cases, decisions have yet to be rendered. The 126 total proceedings commenced in 2011 include, in aggregate, 231 individuals and 121 companies. By comparison the 178 total proceedings commenced in 2010 included 301 individuals and 183 companies.



Concluded cases

CSA members concluded an aggregate total of 124 cases in 2011, involving 237 individuals and 128 companies. By comparison, the 174 concluded cases in 2010 involved 207 individuals and 100 companies. The tables provide more detail about these cases and how they were concluded. Each case is counted just once, even if more than one person or company was sanctioned in a single case.

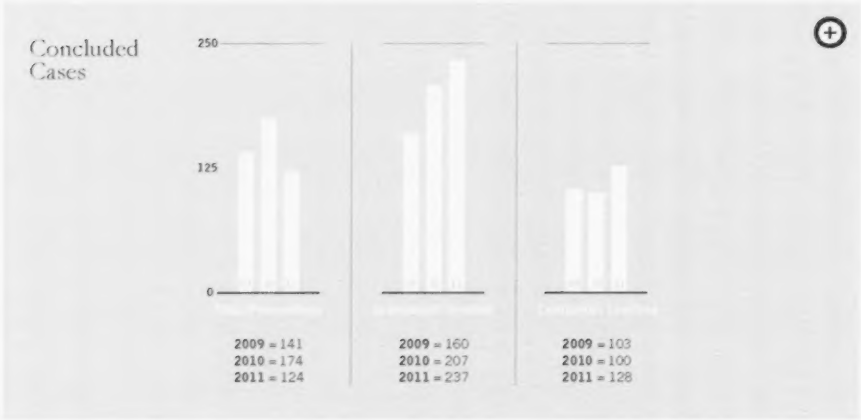


Table 1 shows completed Canadian enforcement cases, by category of wrongdoing, for 2009, 2010, and 2011. Illegal distributions (distributing securities without registration or a prospectus) continue to form the largest category.

Table 1: Concluded Cases by Category*

Type of Offence	2009	2010	2011
Illegal Distributions	68	115	66
Misconduct by Registrants	29	21	21
Illegal Insider Trading	16	13	11
Disclosure Violations	14	11	10
Market Manipulation	3	4	3
Other Cases	11	10	13
Total	**141**	**174**	**124**

*Reciprocal orders and interim cease trade orders have not been counted in this table.

Table 2 provides a breakdown of how cases were concluded, whether by a tribunal decision, a settlement agreement with a CSA member, or a court proceeding under securities legislation. All concluded cases are listed in the database to this report.

Table 2: How Cases Were Concluded

Concluded Cases	2009	2010	2011
Contested hearing before a tribunal	37	39	47
Settlement agreement	69	71	53
Court proceeding (under securities legislation)	35	64	24
Total cases concluded	**141**	**174**	**124**

Penalties

The sanctions imposed for securities law violations or conduct that is contrary to the public interest range from bans on future activity, such as trading in securities or acting as a director or officer of a public company, to financial penalties and jail terms. Tables 3 and 4 outline monetary orders imposed by securities regulators and the courts over the last three years, including settlements.

Total penalties can vary considerably year to year, depending on the nature of the cases in any given year. The 2009 totals were affected by two very large cases. In 2011, approximately $52 million was ordered in fines and administrative penalties. While penalties, costs and other monetary sanctions/orders can be difficult to collect, every effort is made by the regulator to do so, including using the services of collection agencies.

Table 3: Fines and Administrative Penalties

	2009	2010	2011
Illegal Distributions	$ 30,833,925	$ 53,592,614	$ 40,928,558
Misconduct by Registrants	$ 106,186,510*	$ 4,971,418	$ 1,958,000
Illegal Insider Trading	$ 1,769,744	$ 1,835,974	$ 3,076,288
Disclosure Violations	$ 14,454,329	$ 3,148,500	$ 2,360,200
Market Manipulation	$ 3,000	$ 56,000	$ 1,900,000
Other Cases	$ 425,500	$ 222,500	$ 1,928,500
Total	**$ 153,673,008**	**$ 63,827,006**	**$ 52,151,546**

* Five respondents agreed to pay $104,425,000 in administrative penalties as part of settlement agreements in 2009 related to asset-backed commercial paper (ABCP).

Restitution, compensation and disgorgement are powers available in specific circumstances to some regulators or courts under securities legislation. Restitution is a remedy that aims to restore a person to the position he or she would have been in had it not been for the improper conduct of another. Compensation is a payment to an aggrieved investor to compensate for losses, either in whole or in part. An order for disgorgement requires the payment to the regulator of amounts obtained as a result of a failure to comply with or a contravention of securities laws.

Table 4: Restitution, Compensation and Disgorgement

	2009	2010	2011
Illegal Distributions	$ 21,131,933	$ 57,000,617	$ 42,298,519
Misconduct by Registrants	$ 1,280,695	$ 1,554,866	–
Illegal Insider Trading	$ 1,675,056	–	$ 362,772
Disclosure Violations	$ 68,100,000*	–	–
Market Manipulation	$ 18,641	–	$ 5,600,000
Other Cases	–	–	$ 1,290,631
Total	**$ 92,206,325**	**$ 58,555,483**	**$ 49,551,922**

* Three respondents in one matter in 2009 agreed to pay $68,100,000 as part of one settlement.

As well as fines and administrative penalties, respondents are also often ordered by the regulators or courts to pay part or all of the costs of the proceedings. Total costs assigned to respondents by CSA members in 2011 were $2,494,154, as compared to $1,998,135 in 2010.

In addition to monetary orders, courts in Ontario ordered jail terms for eight individuals in 2011, ranging from 30 days to three years.

Legislation provides for a statutory right of appeal of both tribunal and court decisions, and securities regulators expend significant resources responding to appeals brought by respondents. Occasionally a CSA member will appeal a court decision. As well as the appeals of decisions included in the table below, procedural appeals are also quite common as cases proceed through the enforcement system.

Table 5: Appeals

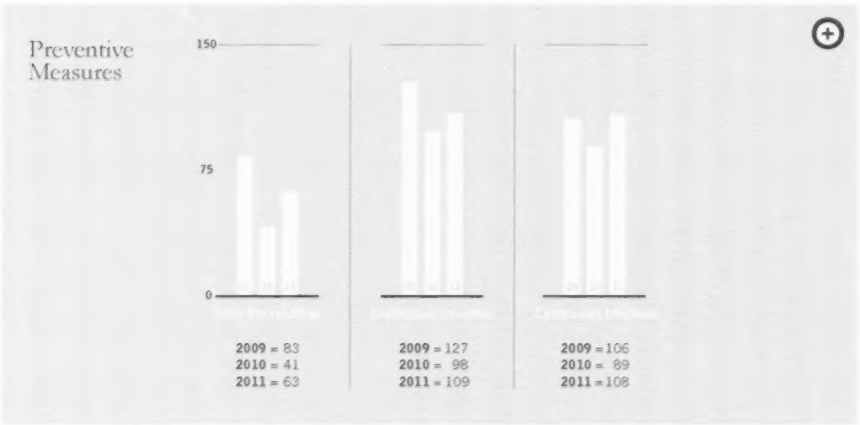
	2009	2010	2011
Cases appealed	12	19	31
Appeal decisions rendered	11	6	19*

* Two decisions were overturned in 2011.

Preventive measures

As the chart below illustrates, CSA members continue to use measures such as interim cease trade and asset freeze orders to protect investors by prohibiting or inhibiting a potentially illegal activity while an investigation is underway.

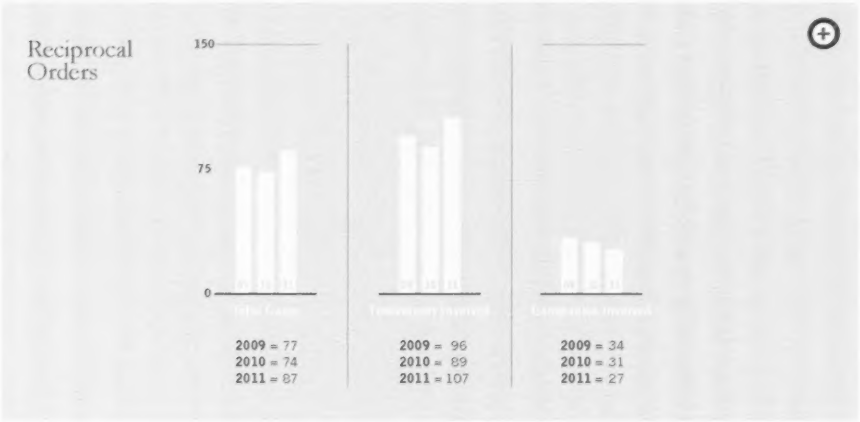
Under the 63 interim orders and asset freeze orders issued in 2011, trading restrictions were placed on 109 individuals and 108 companies. In 2010, that number was 41 interim orders and asset freeze orders, and trading restrictions were placed on 98 individuals and 89 companies.



Asset freeze orders are used by securities regulators to prevent the dissipation of assets pending completion of an investigation. Where circumstances merit, regulators can also apply to the court to appoint a receiver to manage assets that have been frozen to facilitate an orderly distribution of assets back to investors. Assets can include bank accounts and personal property such as vehicles, buildings and other physical assets. In 2011, CSA members froze assets relating to 11 individuals and 16 companies, representing a total of $7,936,121 in bank accounts.

Reciprocal orders

Orders issued by a court or other securities regulatory authorities may be reciprocated. Reciprocal orders prevent individuals or companies from carrying on their conduct in the reciprocating jurisdiction. The use of reciprocal orders demonstrates the commitment of CSA members to strengthening investor protection and enforcement coordination across Canada.



Cases concluded by SROs

Self-regulatory organizations (SROs) are an important part of the enforcement mosaic in Canada. The three key SROs, as overseen by CSA members, are the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association of Canada (MFDA), and the Chambre de la sécurité financière (CSF). These three organizations concluded 133 enforcement cases in 2011, compared with 115 in 2010.

2011 Case Highlights

Securities law violations or conduct contrary to the public interest typically fall into one of five categories, although some cases are relevant to more than one category.

Illegal Distributions

Again in 2011, illegal distributions made up the largest category of securities law violations across Canada by a wide margin. An illegal distribution is a sale or attempted sale of securities to investors that does not comply with securities law registration, trading or disclosure requirements.

Offering an investment opportunity generally requires issuing a prospectus, unless certain exemptions are available. A prospectus is a document that describes the investment and the associated risks to the investor. Anyone in the business of advising or trading in securities in Canada must register with the relevant securities regulator, again unless certain exemptions are available.

Certain investment opportunities may be sold without a prospectus or sold by unregistered people or firms if they fall in the category of "exempt market securities." Exempt market securities must be sold under strict restrictions, such as limiting the investment opportunity to family, friends or business associates, selling securities worth a minimum of $150,000 per transaction or selling investments to accredited investors (persons, corporations or investment funds meeting specific net worth or income requirements).

In December 2011, the Alberta Securities Commission (ASC) imposed sanctions on Wealthstreet Inc., and its former executives David Jones and Rachael Poffenroth for trading in and distributing securities without registration and a prospectus. Jones was also found to have acted as an adviser without registration and engaged in an unfair practice. An ASC panel deemed Jones' misconduct egregious. In one instance, Jones counselled an elderly investor to borrow money against the value of her home, convincing her that her home would be stolen from her unless she borrowed against its equity. She invested the borrowed money to purchase Wealthstreet securities, putting her in a serious debt position.

> "Jones and, through him, Wealthstreet, contravened – indeed, blatantly flouted – basic tenets of and protections offered by Alberta securities laws."
>
> – *ASC panel, ruling in the Wealthstreet case*

In addition to trading bans, the ASC ordered Jones and Poffenroth to pay administrative penalties of $1.5 million and $75,000 respectively.

Illegal distribution cases can involve fraud. The two key elements of fraud are dishonesty and deprivation. In an illegal distribution involving fraud, some or all aspects of the investment are misrepresented to investors and their funds are put at risk or used for other purposes than what was promised. The investors often lose their money in such schemes.

The Ontario case of Global Partners Capital involved fraudulent activity. An Ontario Securities Commission (OSC) panel found that Global Partners

Capital, six individuals and two corporations engaged in fraud by selling US$2.2 million worth of securities to 114 investors, most of them located in the United States, through a boiler room operating in Ontario. The respondents established websites with fabricated information and issued false and misleading press releases. The money they raised was used mainly to pay the operating expenses of the boiler room and for the individuals' benefit. In 2011, an OSC panel ordered disgorgement on more than $2.1 million and penalties and costs of more than $1.5 million.

Misrepresentations can include a promise that the investment being offered is risk-free and therefore guaranteed, or that the investor will earn an unrealistically high rate of return. In the Royal Crown Ventures Group Ltd. and Thomas Joseph Sears case in B.C., for example, Sears used high-pressure boiler room sales techniques to phone B.C. investors and convince them to invest in Royal Crown, promising that investors would earn a return of more than 400 per cent by year three of their investment. Sears was ordered to pay a $1.9 million administrative penalty and was banned from the B.C. capital markets for 20 years.

Illegal distributions often involve Ponzi schemes. In a Ponzi scheme, the promised rate of return is paid to the initial investors using funds provided by subsequent investors. The schemes eventually collapse because there is usually no underlying asset and the perpetrator is ultimately unable to make payments to investors. An example of such a case in 2011 was Alberta's Robert John Harris (operating as Harris Agencies). Harris used his position as a licensed insurance salesman to solicit several million dollars from approximately 200 of his clients. Harris convinced his clients to invest in his real estate investment club, which turned out to be a Ponzi scheme that the ASC panel called "reprehensible." Even though Harris had paid most of the money raised to certain investors, the panel sanctioned him with an administrative penalty of $500,000 and a permanent ban from both the Alberta markets and from acting as a director or officer of any securities issuer.

> "[The investment club Harris operated] was a fraud and operated as a Ponzi scheme. [He] made misleading and untrue statements to induce Alberta investors to invest in the club...[His conduct] was reprehensible and completely inconsistent with the public interest."
>
> – *ASC panel, ruling in the Robert John Harris case*

In some illegal distribution cases, investors are persuaded that there is money to be made by experts in specific types of transactions. In the case against Planned Legacies and RightHedge Chrono-Logic Fund in Alberta, investors were promised that their money would be invested in foreign currency trading programs, but there is no evidence that this was ever done. An ASC panel handed down over $4.5 million in total sanctions (including disgorgement orders) against Paul Charles Whitelaw, David Edward Harris, François Michaud and certain RightHedge entities, and the respondents were given significant market access bans.

Perpetrators of illegal distributions will often build a high level of trust with their victims, in some cases creating a sense of exclusivity among those "in the know" about the investment opportunity. In the case of Flamingo Capital in Québec, investors were told that they were privileged, as they had the opportunity to achieve financial freedom through an exclusive investment. They were also told that the opportunity was confidential. The principals in the scheme (including a former lawyer and a former financial planner) were fined a total of more than $1.2 million by the court.

Building and exploiting investor trust is also a central component of affinity fraud, which preys on the affiliation among members of a group such as seniors or religious organizations. In Nova Scotia, Larry Beaton, Quintin Sponagle and Trevor Hill operated Jabez Financial Services, a company incorporated in Panama through which they solicited more than $4 million in investments from 189 investors. Many investors were solicited among various faith communities on promises of a two per cent per month return on investment. Sponagle and Hill received administrative penalties of $500,000 each. Beaton was handed an administrative penalty of $20,000 plus costs. Each of the respondents is also subject to other administrative penalties.

Some of the enforcement cases profiled elsewhere in this report are also examples of illegal distributions. These include Ontario's Borealis case, Maitland Capital case, and Abraham Grossman cases; New Brunswick's Tycoon Energy Inc., Matthew Nerbonne and David Havenor case; and Québec's Alain Péloquin case, Normand Bouchard case and Warren English, Alain-André Desarzens and Michèle Amiot case.

Investors who are taken in by illegal distributions seldom recover their money. This is why, in addition to shutting down illegal distribution schemes, CSA members work to educate investors on how to recognize and avoid suspicious or fraudulent investments by way of provincial and territorial securities regulator websites, programs and investor resources. A good public education resource is the CSA's website page on avoiding fraud.

Misconduct by registrants

Any person or company in the business of advising or trading in securities in Canada must be registered under the securities laws of each Canadian jurisdiction in which they conduct this activity, unless an exemption is provided in legislation or by order from the securities regulators. Misconduct by registrants occurs when a registered person or company violates securities laws. It is also misconduct to fail to register when required to do so, or to fail to adhere to the conditions of a registration exemption. The cases involving registered firms showcase the importance of diligence, both in the supervision of portfolio advisers, who manage large investment funds, and in disclosure to investors. The individual cases provide useful examples of the severity of penalties applied to registrants found guilty of misconduct.

The Ontario case of Caldwell Investment Management (CIM) reinforces the duties and obligations of a portfolio manager – an individual or team that manages investment funds. In 2011, the Ontario Securities Commission (OSC) settled with CIM regarding its failure to provide adequate compliance oversight and supervision over its individual portfolio adviser who was responsible for providing portfolio management services to various investment funds. CIM also acknowledged failures in record-keeping. CIM was ordered to submit to a review of some of its practices and procedures and to pay costs of $25,000.

In Nova Scotia, John Alexander Allen, a financial adviser with Keybase Financial Group, received significant penalties for fraudulent conduct and for failing to ensure his clients understood the risks involved in their investment portfolios. Allen falsified client data and forged loan applications to support leveraged investment strategies for many of his clients, whether such a strategy was suitable for them or not. In selling the leveraged investments, Allen generated commissions for himself of more than $500,000. The Nova Scotia Securities Commission (NSSC) assessed administrative penalties totalling more than $1 million, which were at the time a record penalty amount in Nova Scotia.

The case of Daniel L'Heureux, profiled in the proactive measures section, offers a good example of a registered firm performing its oversight role, by bringing the possible misconduct of one of its employees to the attention of securities regulators.

> "Mr. Allen's conduct... demonstrates a pattern of behaviour towards his clients that was grossly unfair, grossly dishonest and also demonstrates bad faith. His actions towards his clients were calculated, manipulative, dishonest and self-serving and were consistently carried out with many clients over an extended period of time."
>
> – *Sarah P. Bradley, Vice Chair of the NSSC, in her decision on the John Alexander Allen case.*

Illegal insider trading

Illegal insider trading involves buying or selling a security of an issuer while possessing undisclosed material information about the issuer, and includes related violations such as "tipping" information and trading by the person "tipped." Material information (or "privileged information" in some jurisdictions) can include everything from financial results to executive appointments to operational events.

In an Alberta case of illegal insider trading by company officials, four employees of Canext Energy, including former president and CEO Stephen Kapusta, bought Canext shares after the company began producing oil from a large new oil resource pool that had not yet been disclosed to the public. The Alberta Securities Commission (ASC) panel concluded that the oil discovery was material information that could have affected the value of the company's shares. The respondents received market bans and monetary penalties of two to three times the amounts they gained through their insider trading.

In Ontario, Helen Kuszper and her son Paul Kuszper traded securities of Kingsway Financial Services Inc. with undisclosed knowledge that the company would report a material net loss for its quarterly financial

> "Care must be taken, by everyone associated in any capacity with a reporting issuer, to ensure that they do not, improperly and illegally, profit from material information that they come to know through their connection to the issuer, by buying or selling its securities before the material information has been made public."
>
> – *ASC Panel, ruling on the Canext Energy – Kapusta case*

results. Helen Kuszper was a senior accountant in Kingsway's investment reporting group and she tipped the information to her son. Kuszper and her son admitted to engaging in illegal insider trading and making false and misleading statements to Ontario Securities Commission (OSC) staff. In addition to bans from the securities market, the Kuszpers must disgorge all profits obtained of $321,772 and pay an administrative penalty of $701,690, plus costs. The penalty represents two times the profits made and losses avoided.

In July 2011, a British Columbia Securities Commission (BCSC) panel found that Michael Kyaw Myint Hua Hu, while a director and chairman of Maple Leaf Reforestation Inc., bought shares in the company while knowing undisclosed material information about a biodiesel project that Maple Leaf was negotiating in China. In addition to finding Hu engaged in illegal insider trading, the panel also ruled that he made false and misleading statements to Commission staff when he denied knowing the individual who held the online brokerage account that he used to make the purchases. The BCSC panel permanently banned Hu from the province's securities markets and fined him $1.5 million.

> "Hu's deliberate decision to trade on undisclosed material information, and to conceal that trading by using the account of a third party who would not be easily connected to him, shows a calculated contempt for the integrity of securities markets. His acting in any capacity in connection with our markets would pose a serious risk to those markets."
>
> – *BCSC Panel, ruling on the Hu case*

These cases highlight the care any company employee must take when buying or selling his or her company's shares.

Disclosure violations

Confidence in the capital markets requires confidence in the accuracy of the information, or 'disclosure,' that companies provide about their business activities. Timely, accurate and complete financial statements are the core of good disclosure practice. In disclosure cases, the victims are typically company shareholders. Continuous disclosure review programs undertaken by CSA members aim to ensure that investors have accurate and timely information about public companies on which to base their investment decisions. When appropriate, continuous disclosure reviews may result in a referral to the enforcement branch of a CSA member.

> "Melnyk had direct responsibility and involvement in Biovail's various disclosure decisions and had an obligation to exercise due care and diligence in carrying out that responsibility."
>
> – *OSC panel in its Biovail decision*

The Ontario Securities Commission's (OSC) case against Coventree Inc. and two of its directors and officers illustrates why the disclosure requirements are a cornerstone of securities laws, serving to protect both investors and the integrity of the capital markets. Coventree Inc. was a sponsor of asset-backed commercial paper (ABCP) in Canada. In 2011, Coventree, Geoff Cornish and Dean Tai were found to have breached disclosure obligations by failing to disclose liquidity and liquidity-related events which led to the disruption of the ABCP market in mid-August of 2007. They also breached disclosure obligations by failing to disclose, in January 2007, a decision by Coventree's credit rating agency to change its rating methodology. Coventree was

ordered to pay an administrative penalty of $1 million and $250,000 in costs. In addition to one year bans from serving as a director or officer of an issuer, Cornish and Tai were ordered to pay administrative penalties of $500,000 each.

Ontario's Biovail disclosure violations case concluded in May 2011, when the OSC imposed sanctions on Eugene Melnyk, the former Chairman and CEO of Biovail, for conduct contrary to the public interest in connection with a number of misstatements and omissions by Biovail in certain press releases and in an analyst call. The OSC ordered that Melnyk pay $565,000 in costs and imposed a five-year ban on Melnyk acting as a director or an officer of a publicly-listed company.

In British Columbia, Gregory Clark Carrington, also a former CEO, contravened securities laws when four companies that he headed distributed securities under offering memoranda (OMs) that contained numerous deficiencies. The OMs were misleading and not in the required form. Under the deficient OMs, Carrington raised approximately $8.7 million from 916 investors, which cannot be recovered. The British Columbia Securities Commission (BCSC) banned Carrington for 20 years from trading in securities, from acting as an officer or director of an issuer, or from acting as a consultant with respect to the securities market.

A New Brunswick case, that of Villabar Real Estate Inc., St. Clair Research Associates Inc., Ronald A. Medoff and Mayer Hoffer, illustrates the importance of transparency in compensation structures around investments. Villabar paid compensation to individuals who assisted with the sale of investments but did not disclose that information to investors in the Offering Memorandum. The New Brunswick Securities Commission (NBSC) assigned penalties totalling $50,000.

Market manipulation

Market manipulation involves efforts to artificially increase or decrease a company's share price. Examples of market manipulation include high closing activities, volume manipulation and "pump and dump" schemes. The latter term describes schemes that involve talking up a company's share price with untrue or exaggerated information, in order to sell shares at a profit before the inevitable crash in the share price when the company's true position becomes evident.

An Ontario case showcasing a "pump and dump" scheme, first reported in the CSA's *2008 Enforcement Report*, concluded in 2011. Sulja Bros. Building Supplies, Ltd., another corporation and six individuals were involved in a fraudulent scheme wherein Sulja shares were issued and subsequently traded

in a market that was inflated by overwhelmingly positive but false press releases about Sulja's prospects. The respondents sought to conceal the extent of their involvement by trading through nominee accounts, creating a misleading appearance of trading activity in Sulja securities and obtaining trading profits of US$5.6 million. The Ontario Securities Commission (OSC) levelled sanctions against the respondents totalling more than $7 million.

In Quebec, Yvan Guyon was convicted of having manipulated the market price of the shares of Peterborough Capital Corporation (PEC). Guyon engaged in multiple market manipulation schemes enabling him to artificially increase the value of the stock of PEC by three times its value. As one example, Guyon touted the stock in an internet blog where he alluded to conversations with the CEO of PEC who stated that important good news was about to surface about the company while he purchased large volumes of the stock. Guyon pled guilty to the charge, but contested the $50,000 fine sought by the Autorité des marchés financiers (AMF). In November 2011, Guyon was fined $40,000. The judge ruled that a severe sentence was merited in order to dissuade conduct of this nature.

Other cases

In Ontario's Anthony Ianno and Saverio Manzo case, profiled in the Market Manipulation section of the *2010 Enforcement Report*, both individuals admitted to conduct contrary to the public interest. Ianno, a former Member of Parliament, and Manzo both engaged in trading that raised or maintained the price of Covalon Technologies Ltd. In addition to bans from participation in Ontario's capital markets, Ianno agreed to pay $100,000 and Manzo agreed to pay $50,000.

In a British Columbia case that concluded in October 2011, Robert Lee Flickinger II committed fraud when he sold securities from two businesses totalling more than $6 million to hundreds of investors while operating under a false identity. Flickinger has a well-documented history of U.S. securities regulatory infractions. For his fraudulent actions, the British Columbia Securities Commission (BCSC) panel permanently banned Flickinger from the B.C. capital markets, ordered him to disgorge to the BCSC the $6 million he obtained as a result of his illegal activity, and imposed an administrative penalty of $12 million.

The case of Locate Technologies Inc. and Tubtron Controls Corp. in New Brunswick illustrates the measures that can be taken by securities regulators when offenders fail to comply with settlements and remedies that have been ordered. Failing to comply with a settlement agreement typically draws costlier penalties for the respondents than the original case. In 2008, these two firms were ordered by the New Brunswick Securities Commission (NBSC) to provide proper disclosure to investors and to offer refunds for any original

> "The Commission... feels that it is in the public interest to impose significant sanctions on the Respondents in order to send a strong message of deterrence to those who ignore orders and settlement agreements of the Commission."
>
> – *Anne W. La Forest, Chair, NBSC panel ruling in the Locate Technologies and Tubtron Controls case*

investments. After the respondents failed to meet the terms of this agreement, the NBSC issued additional administrative penalties of $1.2 million.

Proactive measures

A high priority for each CSA member is to detect and disrupt securities misconduct before harm is caused. CSA members take proactive measures, such as issuing interim cease trade orders or asset freeze orders, whenever possible to safeguard Canadian investors while investigations are in progress. Freeze orders are used to secure funds or other assets while a matter is fully investigated. Cyber surveillance is another tool used by Canadian securities regulators to monitor questionable Internet offers, particularly as investment scams are increasingly promoted through online channels.

In 2011, the Ontario Securities Commission (OSC) issued interim cease trade orders upon launching investigations of two reporting issuers listed on the TSX and TSX Venture, respectively, Sino-Forest Corporation, and Zungui Haixi Corporation. The operations for both of these companies are primarily based in China. The activity under investigation for Sino-Forest includes possible fraud, misrepresented revenue and/or exaggerated assets. In the case of Zungui, the investigation arose as a result of concerns raised by Zungui's auditors, specifically regarding inconsistencies in bank documents and the inability to obtain bank confirmations in an acceptable manner. The allegations against the two companies have not been proven and the investigations are ongoing. In July 2011, the OSC launched a targeted review of Ontario reporting issuers listed on Canadian exchanges who have significant business operations in emerging markets.

In Québec's Warren English and Alain-André Desarzens case, the two respondents issued mass e-mails to thousands of potential investors throughout the world promising quick returns ranging from US$1,000 to $90,000 on a minimum investment of between US$10 and $300. The low initial investment made it accessible and tempting for many investors. The Autorité des marchés financiers (AMF) succeeded in getting cease trade and freeze orders against these two individuals, and in shutting down the website. The assets frozen included bank accounts totalling $177,161 and two houses worth a total of $415,894.

In Ontario, quick action by the OSC froze more than $15 million in proceeds from the sale of securities issued by Borealis International Inc. as part of an investigation of the company and certain individuals. Promotional materials claimed that the investments were guaranteed and insured by reputable third parties, and promised an 18 per cent annual return. The OSC found that the representations were false and the activity was fraudulent and deceitful. The

> "Sadly, this type of financial scam is all too familiar. The bait works because the initial investment is so small. This creates a false sense of security, since investors believe that if they lose their investment, the loss is minimal. On the other hand, if the investment pays off, they stand to make a lot of money."
>
> – *BDR, ruling in the Warren English and Alain-André Desarzens case*

freeze order was crucial in the eventual return of the money to investors. In April 2011, the OSC imposed administrative penalties totalling more than $2 million on one corporate and 13 individual respondents.

In another notable 2011 case from Québec, the AMF took proactive cease trade and freeze order measures against Alain Péloquin for running a suspected Ponzi scheme. Péloquin told his investors he had a federal government contact that allowed him to purchase and sell assets seized by the government before they were put up for sale at auction. Investors were told that all information must be kept strictly secret and confidential. With 147 investors in total, Péloquin raised more than $12 million. The AMF obtained freeze orders on bank accounts, two buildings and multiple vehicles.

Cases are occasionally brought forward to regulators by registered firms themselves, assisting regulators to act quickly to maintain the integrity of the market. In Québec, Daniel L'Heureux, an individual registered as a mutual funds dealer with a well-known and respected firm, solicited at least three clients for an investment in the website Nosfinances.com. L'Heureux was not registered to sell such investments and no prospectus had been issued. The AMF was advised of these irregular transactions by the registered firm for which L'Heureux was working and thus was able to apply to the Bureau de décision et de révision (BDR) for freeze and cease trade orders against L'Heureux.

Regulators continue to develop new ways to protect investors. In 2011, the OSC adopted a "reverse boiler room" strategy to warn investors that they had been identified as possible targets in an illegal distribution of securities. Operators of boiler rooms often purchase contact lists from other fraudsters. These contact lists identify individuals who are susceptible to high pressure tactics by virtue of having purchased securities in these type of operations in the past. In executing a search warrant, OSC investigators obtained such a list and over a one-week period, contacted 420 investors to warn them that their names and contact details were identified as possible targets.

Prosecution in the courts

In some cases, Canadian securities regulators are able to pursue charges related to securities law violations in the courts, either on their own or through a Crown prosecutor, where jail terms can be imposed upon conviction.

In two separate proceedings in Ontario, jail sentences were imposed on individuals who traded in securities while prohibited from doing so under a previous order issued by the Ontario Securities Commission (OSC). Danny De Melo and Steven Hill were each sentenced to 90 days in jail for trading in securities of Hillcorp International Services. The sentence also included

an order to make restitution totalling $993,089 to 22 Ontario investors. Peter Robinson was sentenced to 30 days in jail for trading in Platinum International Investments Inc. securities.

Two other Ontario court cases that concluded in 2011 resulted in jail time imposed on Abraham Grossman, for his activities in relation to both the Maitland Capital Ltd. and Shallow Oil and Gas Inc. cases. Both cases involved boiler room tactics (where high-pressure sales tactics are used to promote an investment opportunity) to sell shares in companies. In the case of Maitland Capital, $5.5 million was raised from Canadian and international investors even though there was no prospectus and the people selling the securities were not registered. Abraham Grossman was sentenced to a 21-month jail term for his role in Maitland Capital, and to a three-year jail term for his role in Shallow Oil and Gas Inc., to be served consecutively. The OSC issued temporary cease trade orders in both of these matters when commencing the investigation.

In a Québec RRSP unlocking scheme prosecuted before the courts, Normand Bouchard placed ads in local newspapers aimed at people in financial need. The ads promised cash in return for allowing Bouchard, who was not registered with the Autorité des marchés financiers (AMF), to manage existing RRSP accounts. Under Bouchard's management, most of the 31 victims lost the full value of their accounts. While the amounts of money invested were as small as $5,000, they were amounts that the victims could not afford to lose, often leaving them in dire financial straits. Bouchard was convicted and fined $310,000, ten times the minimum fine set by the Québec Securities Act.

The Flamingo Capital case in Québec, profiled on the illegal distributions page, was also prosecuted in the courts. The principals of Flamingo Capital were handed a substantial fine of $1.2 million.

Inter-jurisdictional collaboration

Collaboration among securities regulators and law enforcement officials takes many forms. CSA members routinely share information, and will conduct joint investigations or even joint hearings in cases that cross jurisdictional boundaries.

The CSA Enforcement Committee develops and implements measures aimed at facilitating collaboration between CSA jurisdictions. For instance, the Committee has developed a Multi-jurisdictional Enforcement Guide, which sets out procedures for identifying, investigating and prosecuting multi-jurisdictional cases by members of the CSA. Also, a new case-sharing database will facilitate the identification of multi-jurisdictional cases. In order to strengthen enforcement skills in specialized areas, the Committee

identified a set of best practices relating to insider trading and market manipulation investigations and prosecutions, and then provided training for the staff of CSA members across Canada.

The CSA Investor Education Committee is also very active in seeking to protect Canadians coast to coast by educating them through different programs and initiatives.

Canadian securities regulators also work with international regulators, such as the Securities and Exchange Commission and state-level regulators in the U.S., and the Financial Services Authority in the U.K. This collaboration happens both through formal organizations such as the North American Securities Administrators Association and through informal contacts across the jurisdictions. Pursuant to international agreements, enforcement personnel assist their counterparts in other jurisdictions with regulatory investigations. They also share best practices and intelligence about emerging trends.

Illegal Distributions

Al-tar Energy Corp.; Alberta Energy Corp.; Drago Gold Corp.; Campbell, David C.; Da Silva, Abel; O'Brien, Eric F.; and Sylvester, Julian M. (ON)

Aurora, Varun Vinny; David Humeniuk; David Jones; and Vincenzo De Palma (AB)

Basi, Ajit Singh (BC)

Borealis International Inc.; Synergy Group (2000) Inc.; Integrated Business Concepts Inc.; Canavista Corporate Services Inc.; Canavista Financial Center Inc.; Smith, Shane; Lloyd, Andrew; Lloyd, Paul; Villanti, Vince; Haliday, Larry; Breau, Jean; Statham, Joy; Prentice, David; Zielke, Len; Stephan, John; Murphy, Ray; Poole, Alexander; Grigor, Derek; Switenky, Earl; Dickerson, Michelle; Dupont, Derek; Ekiert, Bartosz; MacFarlane, Ross; Nerdahl, Brian; Pittoors, Hugo; and Travis, Larry (ON)

Bouchard, Normand (QC)

Campbell, Garret (BC) (written decision not available electronically)

Castiglioni, Luc; CPLC Limited Partnership; and CPLC Management Group Ltd. (BC)

Charles, Douglas; Dupree, James; Ball, Ian T.; Armitage, Stephen; and Thompson, Peter B. (BC)

Charlton, David Robert (BC) (written decision not available electronically)

Coopérative de services aux professionnels; Coopérative de travailleurs actionnaires de C.T.B.T.; Lafond, Louis-Paul; and Lafond, Jean-Pierre (QC)

Desjardins, Guy (Centre financier de la Montérégie) (QC)

Diadamo, Marco (Shallow Oil & Gas) (ON)

Fast, Ronald Jerry (SK)

Flamingo Capital Inc.; Vianna, Jean-Pierre; Daigle, Yves; Carty, Michael; Murray, Andrew; and Chiasson, Michel (QC)

Flicklinger, Robert Lee II (aka Robert Reynolds); Northern Pipeline Resources Ltd.; Lavaca III Limited Partnership; Gulf Coast Basin Limited Partnership; Gulf Coast Basin Operating Ltd.; and Ridgeline Energy Ltd. (BC)

Friesen, John (aka John "Thrasher" Friesen) and Futronics Inc. (MB)

- Order re: Friesen, John (aka John "Thrasher" Friesen) and Futronics Inc.
- Order re: Friesen, John (aka John "Thrasher" Friesen) and Futronics Inc.

Global Partners Capital; Asia Pacific Energy, Inc.; 1666475 Ontario Inc. operating as "Asian Pacific Energy"; Pidgeon, Alex; Pan, Kit Ching (aka Christine Pan); Cheung, Hau Wai (aka Peter Cheung, Tong Cheung, Mike Davidson or Peter McDonald); Gahunia, Gurdip Singh (aka Michael Gahunia or Shawn Miller); Toussaint, Basil Marcellinius (aka Peter Beckford); and Jiwani, Rafique (aka Ralph Jay) (ON)

Goldbridge Financial Inc. and Weber, Wesley Wayne (ON)

Great White Capital Corp. and Keller, Adam (BC)

Grinshpun, Mark (Ameron Oil and Gas) (ON)

Grossman, Abraham (ON)

Harris, Robert John (AB)

Harton, Marie-Thérèse (Group FRL, Centre d'affaires et Services financiers inc. / Multi-prêts Partenaires) (QC) (written decision not available electronically)

Higgins, Gregory William (ON)

High Profit Investment Ltd.; Butcher, Martin; Fortune Investment Group; and Meeker, Robert (BC)

Hill, Trevor; Sponagle, Quintin; and Beaton, Larry (NS)

- Settlement re: Beaton, Larry
- Order re: Beaton, Larry
- Decision: Hill, Trevor and Sponagle, Quintin

IMAGIN Diagnostic Centres Inc. and Rooney, Patrick J. (ON)

Imanpoorsaid, Hooshang (QC)

Innovative Gifting Inc. and Lushington, Terence (ON)

Julien, Michel (QC)

Keller, Arno (SK)

Krauth, Peter (Acamex) (QC)

Leuthe, Helga and Archer Gold inc. (Archer Or inc.) (QC)

Lussier, Bertrand (QC)

Maitland Capital Ltd.; Grossman, Abraham Herbert; and Ulfan, Hanoch (ON)

Marcotte, Patricia (AB)

- Merits decision 02/09/11 re: Marcotte, Patricia
- Sanction decision 05/18/11 re: Marcotte, Patricia

Marston, William (Corporation Mount Real) (QC)

Marston, William (Gestion de placements Norshield (Canada) Ltée) (QC)

Mastrocola, Frank (Acamex) (QC)

Maxwell, Don (BC)

- Order re: Maxwell, Don
- Settlement re: Maxwell, Don

McLoughlin, John Arthur Roche; MCL Ventures Inc.; Blue Lighthouse Ltd.; and Collins, Robert Douglas (BC)

- Order re: McLoughlin, John Arthur Roche; MCL Ventures Inc.
- Order re: Blue Lighthouse Ltd.; and Collins, Robert Douglas

Messier, Paul Jr. (Corporation Mount Real) (QC)

Microline Veneer & Forest Products Corp. and Wise, Peter William Arthur (BC)

Muzik, Kenneth Wayne (MB)

Mylonakis, Nick (Corporation Mount Real) (QC)

New Century International and Reynolds, Ray (NB)

New Life Capital Corp.; New Life Capital Investments Inc.; New Life Capital Advantage Inc.; New Life Capital Strategies Inc.; 2126375 Ontario Inc.; 2108375 Ontario Inc.; 2126533 Ontario Inc.; 2152042 Ontario Inc.; 2100228 Ontario Inc.; 2173817 Ontario Inc.; and 1660690 Ontario Ltd. (ON)

Nielsen, Frederick Johnathon (previously known as Gilliland, Frederick John) (BC)

Nitta, Theodore and Venturex Global Investment Corporation (BC)

Pantazis, Nicholas (Dynahedge Capital Investment inc.) and Jekkel, Joseph (Blue Horizon Fund Ltd.) (QC)

Pardo, Rene; Taylor, Lewis Sr.; Taylor, Lewis Jr.; Taylor, Jared; Taylor, Colin; and 1248136 Ontario Limited (ON)

Pasternak, Oded; Brikman, Vyacheslav; and Walker, Allan (ON)

- Order re: Pasternak, Oded
- Order re: Brikman, Vyacheslav
- Order re: Walker, Allan

Patry, Denis (Fonds de croissance Zénith à valeur stable) (QC)

Phoenix Credit Risk Management Consulting Inc.; Phoenix Pension Services Inc.; Phoenix Capital Resources Inc.; Rathore & Associates Asset Management Ltd.; 2195043 Ontario Inc.; Rathore, Jawad; Petrozza, Vincenzo; and Maloney, Omar (ON)

PI Global Properties Group (PI immobilier Global and 4403380 Canada inc.) (QC)

Planned Legacies Inc. (AB)

- Merits decision 02/09/11 re: Planned Legacies Inc.
- Sanction decision 05/11/11 re: Planned Legacies Inc.

Proteau, René (Corporation Mount Real) (QC)

QuantFX Asset Management Inc.; Shtromvaser, Lucien; and Zemlinsky, Rostislav (ON)

- Order re: QuantFX Asset Management Inc.; and Shtromvaser, Lucien
- Order re: Zemlinsky, Rostislav

Reeves, Nicholas (AB)

- Merits decision 12/14/10 re: Reeves, Nicholas
- Sanction decision 02/28/11 re: Reeves, Nicholas

Royal Crown Ventures Group Ltd. and Sears, Thomas Joseph (BC)

Schaumer, Michael (Global Energy Group Ltd.) (ON)

Shallow Oil & Gas Inc.; Da Silva, Abel; and O'Brien, Eric (ON)

Sherman, Adam (ON)

Silverstein, Alan (Global Energy Group Ltd.) (ON)

Sirianni, Vincenzo (AB)

Skyline Apartment Real Estate Investment Trust; Skyline Incorporated; and Skyline Asset Management Inc. (ON)

Spence, Scott William Bradley (MB)

Streifel, Chad (SK)

Tardif, Yves (Gestion de placements Norshield (Canada) Ltée) (QC)

TBS New Media Ltd.; TBS New Media PLC; CNF Food Corp.; CNF Candy Corp; and Firestone, Ari Jonathan (ON)

TD Waterhouse Canada Inc. (BC)

Tessier, Luc (Groupe Financier Inter Continental S.A./Méga Prêt 2000) (QC)

Testa, Italo (Services financiers Pronto) (QC)

Tsatskin, Vadim (QuantFX Asset Management) (ON)

Tsatskin, Vadim; Pasternak, Oded; and Walker, Allan (Ameron Oil and Gas) (ON)

- Order re: Tsatskin, Vadim
- Order re: Pasternak, Oded
- Order re: Walker, Allan

Tycoon Energy Inc.; Nerbonne, Matthew; and Havenor, David (NB)

Waddingham, Leonard; Garner, Ron; Valde, Gord; and Cassidy, Dianna (Maitland Capital Ltd.) (ON)

Wealthstreet Inc. (AB)

- Merits decision 08/25/11 re: Wealthstreet Inc.
- Sanction decision 12/07/11 re: Wealthstreet Inc.

West African Industries Inc. (SK)

Winick, Marvin; Blumenfeld, Howard; Colonna, John; and Khan, Shafi (Richvale Resource Corp) (ON)

- Order re: Winick, Marvin
- Order re: Blumenfeld, Howard
- Order re: Colonna, John
- Order re: Khan, Shafi

Winnipeg Territory License Inc.; Perkins, Timothy James; and Perkins, Johnathon (SK)

Illegal Insider Trading

Elgindy, Amr I. (aka Anthony Elgindy, Tony Elgindy and Anthony Pacific) (BC)

Good, John B. (BC)

Hu, Michael Kyaw Myint Hua (BC)

Kapusta, Stephen (AB)

- Merits decision 06/07/11 re: Kapusta, Stephen
- Sanction decision 10/14/11 re: Kapusta, Stephen
- Variation order 10/31/11 re: Kapusta, Stephen

Kowalchuk, Richard Bruce (AB)

Kuszper, Helen and Kuszper, Paul (ON)

- Order re: Kuszper, Helen
- Order re: Kuszper, Paul

Kwan, Timothy (AB)

Live, Patrice (QC)

Patriarco, Anthony (BC)

Quesnel, Richard (Consolidated Thompson) (QC)

Rak, Jerome John (BC)

- Order re: Rak, Jerome John
- Settlement re: Rak, Jerome John

Wreggit, Allan (AB)

Market Manipulation

Ciavarella, Michael (ON)

Guyon, Yvan (QC)

Mitton, Michael (Pender International Inc.) (ON)

Sulja Bros. Building Supplies, Ltd.; Vucicevich, Petar; Kore International Management Inc.; DeVries, Andrew; Sulja, Steven; Shah, Pranab; Banumas, Tracey; and Sulja, Sam (ON)

Disclosure Violations

Black, E. Neil (NS)

- Order re: Black, E. Neil
- Settlement re: Black, E. Neil

Carrington, Gregory Clark (BC)

Coventree Inc.; Cornish, Geoffrey; and Tai, Dean (ON)

David, Michel (Northern Star Mining Corp.) (QC)

Devcich, Frank Andrew and Singh, Gobinder Kular (AB)

Flemming, William (NS)

- Order re: Flemming, William
- Settlement re: Flemming, William

Helical Corporation Inc., The (NS)

Homburg Invest Inc. (NS)

- Order re: Homburg Invest Inc.
- Settlement re: Homburg Invest Inc.

Keeler, Rebecca E. (Dimethaid Research Inc.) (ON)

Melnyk, Eugene N. (ON)

Northumberland Wind Field Inc. (NS)

- Order re: Northumberland Wind Field Inc.
- Settlement re: Northumberland Wind Field Inc.

Smith, James (NS)

- Order re: Smith, James
- Settlement re: Smith, James

Misconduct by Registrants

Allen, John Alexander (NS)

- Order re: Allen, John Alexander
- Decision re: Allen, John Alexander
- Settlement re: Allen, John Alexander

Brockhouse Cooper Gestion d'actifs inc. (QC)

Caldwell Investment Management Ltd. (ON)

Cordiant Capital inc. (QC)

Cote 100 inc.; L'Écuyer, Marc; and 3508170 Canada inc. (QC)

Côté, Marc-Yvan (Corporation Pourvoyeurs Mondiaux Safari) (QC)

First Canada Capital Partners Inc. and Corrigan, Douglas Francis (BC)

Fonds de placement LaSalle and Corporation Financière LaSalle inc. (QC)

Gestion d'actifs Joël Raby inc. (QC)

Gestion privée Diamant inc. (QC)

Hucal, Taras (ON)

Lavallée, Gaston (Noveko International Inc.) (QC)

Les Fonds d'investissement Lester (QC)

Marleau, Hubert and Gestion Palos inc. (QC)

Maya, Claudio Fernando (ON)

Nelson Financial Group Ltd.; Torres, Paul Manuel; Boutet, Marc D.; Nelson Investment Group Ltd.; Sobol, Stephanie Lockman; and Knoll, H.W. Peter (ON)

- Order re: Nelson Financial Group Ltd.
- Order re: Torres, Paul Manuel
- Order re: Boutet, Marc D.; Nelson Investment Group Ltd.
- Order re: Sobol, Stephanie Lockman
- Order re: Knoll, H.W. Peter

Overton, Ian (ON)

Road New Media Corporation (Groupe Sajy et al.) (QC)

Semafo (Jean-Pierre Lefebvre) (QC)

Service financier Rimac inc. (QC)

SFCS Capital (Canada) Corp. and Stitt, Robert John Alexander (BC)

Sigma Alpha Capital (QC)

Terrevan inc. and Despatie, Luc (QC)

Villabar Real Estate Inc.; St. Clair Research Associates Inc.; Medoff, Ronald M.; and Hoffer, Mayer (NB)

- Order re: Villabar Real Estate Inc.; St. Clair Research Associates Inc.; Medoff, Ronald M.; and Hoffer, Mayer
- Settlement re: Villabar Real Estate Inc.; St. Clair Research Associates Inc.; Medoff, Ronald M.; and Hoffer, Mayer

Miscellaneous

Bahd, Karnjit Singh (BC)

Curtis, Charles; Olfert, Peter; Fox-Decent, Waldron (Wally); Baturin, Lea; Beal, Albert; Beresford, Diane; Farley, Sylvia; and Hilliard, Robert (MB)

- Settlement re: Curtis, Charles; Olfert, Peter; Fox-Decent, Waldron (Wally); Baturin, Lea; Beal, Albert; Beresford, Diane; Farley, Sylvia; and Hilliard, Robert
- Reasons for decision re: Curtis, Charles; Olfert, Peter; Fox-Decent, Waldron (Wally); Baturin, Lea; Beal, Albert; Beresford, Diane; Farley, Sylvia; and Hilliard, Robert

Da Silva, Abel; and O'Brien, Eric (Shallow Oil & Gas Inc.) (ON)

De Melo, Danny and Hill, Steven (ON)

Hibbert, Marlon Gary (Ashanti Corporate Services) (ON) (written decision not available electronically)

Hillcorp International Services; Hillcorp Wealth Management; Suncorp Holdings; 1621852 Ontario Limited; 1694487 Ontario Limited; Hill, Steven John; and De Melo, Danny (ON)

Ianno, Anthony and Manzo, Saverio (ON)

- Order re: Ianno, Anthony
- Order re: Manzo, Saverio

Lehman Cohort Global Group Inc.; Schnedl, Anton; Unzer, Richard; Grundmann, Alexander; and Hehlsinger, Henry (ON)

Locate Technologies Inc. and Tubtron Control Corp. (NB)

Nechi Investment Inc. and Zunenshine, Michael et al. (QC) (written decision not available electronically)

Robinson, Peter (ON)

Stock, Dale Richard (AB)

Tang, Thomas (AB)

Tsatskin, Vadim (Global Energy Group Limited) (ON)